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## FISCAL IMPACT REPORT

SPONSOR: Larranaga DATE TYPED: 02/21/03 HB 428/aHGUAC

SHORT TITLE: Design and Build Project Eligibility SB \_\_\_\_\_

ANALYST: Geisler

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
		NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

General Services Department (GSD)  
 Department of Finance and Administration (DFA)  
 Board of Architects (BOA)

### SUMMARY

#### Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment to subsection F lowers the maximum allowable cost of a design-build project (which is exempt from the requirements of Subsections C and D of the statute and the minimum cost requirements of subsection A) from \$500,000 to \$400,000. The intent of the amendment was to address concerns that the \$500,000 limit in the bill would cause confusion with interpretation of other regulations that impact design build projects.

#### Synopsis of Original Bill

House Bill 428 would allow a design-build approach to construction projects for site improvement and adapting pre-engineered buildings and systems when the maximum allowable construction cost is between \$200,000 and \$500,000.

Significant Issues

The current use of the design-build approach is for projects with an estimated construction cost of over \$10 million or less than \$200,000. The projects of less than \$200,000 are limited to site improvements and adapting a pre-engineered building or system. This bill will increase the limit to \$500,000 and continue the exemption from a two phase procedure for awarding design and build contracts that mandates participation by either a registered engineer or architect.

Some have expressed concerns about the ability of smaller governments to properly manage design and build projects without the involvement of a professional engineer or architects.

Without the expertise of an engineer or architect in developing the scope & requirements of the project, the entity may end up paying much more for the construction if the project is not designed properly by the contractor or there are excessive change orders.

Others point out that although agencies may be exempt from the two phase process for certain types of projects, section A of the regulation still requires a decision criteria for design and build projects that takes into account the suitability of the project for the design and build process and the capability of the agency to oversee the project.

**OTHER SUBSTANTIVE ISSUES**

The Joint Practice Committee, consisting of representatives from the boards regulating architecture, engineering, and landscape architects, has identified limitations related to the use of design professionals in practice situations. In the practice acts for both architects and engineers, the dollar amount used as a ceiling beyond which authentication is required by both of these professions is set at \$400,000. This amount was arrived at after much discussion and deliberation by these design professionals, and included input from professional construction project estimators.

It is conceivable that some confusion could arise in the interpretation of the proposed new threshold of \$500,000 contained in HB 428 by various regulatory entities. Reducing this threshold to \$400,000 would then make the dollar amount consistent with what design professionals and building code officials have experienced for the past several years.

**ALTERNATIVES**

Amend Section f, paragraph 2, to clearly identify when the services of architects and engineers are required (or not) for projects exempted from the two phase procedure for design and build projects.

GG/yr:njw